

EXAMINER'S AMENDMENT

1. The following communication is in response to telephone interview conducted on February 14, 2008.
2. An examiner's amendment to the record appears below. Should the changes and/or additions be unacceptable to applicant, an amendment may be filed as provided by 37 CFR 1.312. To ensure consideration of such an amendment, it **MUST** be submitted no later than the payment of the issue fee.

Authorization for this examiner's amendment was given in a telephone interview with John Goldschmidt, Applicant's Attorney (Reg. No. 34,828), on February 14, 2008.

3. The amendment to the specification filed October 11, 2007 containing only minor informalities is hereby accepted.

Status of Claims

2. Claims 33-47 are currently amended. Claims 1-32 and 48-57 have been cancelled. Claims 33-47 are currently pending.

4. The application has been amended as follows:

Please Amend Claims 33-47 to recite:

33. (Amended) A method system for the management and satisfaction of a customer's financial liability comprising:

providing a liability of said customer comprising (i) default exposure, and (ii) a right to receive regular payments of principal and interest in satisfaction of said liability, wherein a liability vehicle based upon said liability may be (a) selected by said

customer from more than one lender of said liability vehicle, and ~~(b)~~ sold to a third party agent;

providing a securitized pool comprising said liability of said customer and liabilities of other customers, wherein each said liability comprises default exposure and a right to receive regular payments, and wherein said agent ~~(1)~~ repackages each said right to receive said regular payments into said securitized pool, and ~~(2)~~ may sell at least a portion of each said right to receive said regular payments to a securitized pool investor;

providing a default security created by said agent, wherein said default security ~~(w)~~ is based upon said default exposure of said liabilities, wherein said default exposure of each said liability is associated with said customer contributing said liability to said pool, ~~(x)~~ has a net present value, ~~(y)~~ may be purchased by a default security investor, and ~~(z)~~ said net present value of said default security increases as said regular payments of principal and interest associated with each liability are made; and

providing an asset management account independent of said lender, wherein investments in said asset management account are directed by said customer, said asset management account is managed by an asset management account manager; and

~~wherein (A) cash flows are generated~~ generating cash flows from said default security, ~~(B) wherein~~ portions of said cash flows are attributable to each said liability of each said customer and are available to purchase said investments at the direction and for the benefit of said customer; and

(C) ~~said cash flows fund~~ funding said investments with said cash flows in said asset management account; _i;

(D) ~~said management account generates~~ generating a return on investment from said management account; _i; and

(E) ~~said return on investment is allocated~~ allocating said return on investment to (aa) said customer, which may be used to satisfy said liability, and (bb) at least one of said lender, third party agent, and said asset management account manager in accordance with an allocation agreement between two or more of said customer, said lender, said third party agent, and said asset management account manager.

34. (Amended) The method ~~system~~ of Claim 33, wherein said default security is placed into a special purpose vehicle.

35. (Amended) The method ~~system~~ of Claim 34, wherein said special purpose vehicle comprises a financial asset securitization investment trust.

36. (Amended) The method ~~system~~ of Claim 35, wherein said cash flows pass from a default security investor through said trust.

37. (Amended) The method ~~system~~ of Claim 35 wherein said payments are passed through said agency and then to said default security.

38. (Amended) The method ~~system~~ of Claim 35, wherein said payments are passed through to said agency, then to said default security, and then to said trust.

39. (Amended) The method system of Claim 33, wherein said third party agent comprises a Federal agency, a private investor, an institutional investor, said customer, said lender, or said asset manager.
40. (Amended) The method system of Claim 39, wherein said Federal agency is Fannie Mae or Freddy Mac.
41. (Amended) The method system of Claim 33, wherein said customer may choose from more than one asset managers.
42. (Amended) The method system of Claim 33, wherein said customer may choose from more than one lenders of said liability.
43. (Amended) The method system of Claim 41, wherein said asset manager may be chosen from said more than one asset managers through a menu choice system.
44. (Amended) The method system of Claim 43, wherein said menu choice system permits said customer to view asset performance data.
45. (Amended) The method system of Claim 43, wherein said menu choice system may allow said customer to view one or more of: projections of earnings information; agreement information; execution information; and management information.
46. (Amended) The method system of Claim 44, wherein said performance data may comprise a comparison between liability and asset performance verses another liability vehicle.
47. (Amended) The method system of Claim 46, wherein said liability comprises a net worth mortgage and said other liability vehicle comprises a conventional mortgage.

Reasons for Allowance

4. The following is an examiner's statement of reasons for allowance:

The closest prior art, U.S. Patent 5,644,727 to Atkins discloses a system and method for exchange, investment, and borrowing. Atkins discloses a computer based method for operating a plurality of customer financial accounts including storing and calculating customer information regarding liabilities, cash flows, borrowing power, mortgage loans, payments, and interest rates, allocating funds for investment purposes, and conducting transactions between customer and financial institution. Atkins discloses allocating funds between different types of financial accounts for different types of purposes.

A non-patent reference of interest, Securitization of the Bankers Acceptance Market (hereinafter, Securitization), discloses developments in asset-backed financing and proposes a method for securitizing the bankers' acceptance market. Securitization also discloses the creation of asset backed securities with the issuance of a pass through security backed by the return of principal and interest from government guaranteed or government issued mortgages.

The prior art fails to teach a method for the management and satisfaction of a customer's financial liability comprising:

providing a default security created by said agent, wherein said default security is based upon said default exposure of said liabilities, wherein said default exposure of

each said liability is associated with said customer contributing said liability to said pool, has a net present value, may be purchased by a default security investor, and said net present value of said default security increases as said regular payments of principal and interest associated with each liability are made;

generating cash flows from said default security, wherein portions of said cash flows are attributable to each said liability of each said customer and are available to purchase said investments at the direction and for the benefit of said customer;

funding said investments with said cash flows in said asset management account;

allocating said return on investment to said customer, which may be used to satisfy said liability, and at least one of said lender, third party agent, and said asset management account manager in accordance with an allocation agreement between two or more of said customer, said lender, said third party agent, and said asset management account manager

5. For these reasons, independent claim 33 is deemed allowable over the prior art. Claims 34-47 are allowed based on their dependency to claim 33.
6. Any comments considered necessary by applicant must be submitted no later than the payment of the issue fee and, to avoid processing delays, should preferably accompany the issue fee. Such submissions should be clearly labeled "Comments on Statement of Reasons for Allowance."

Any inquiry concerning this communication or earlier communications from the examiner should be directed to SAMUEL S. WEIS whose telephone number is (571)272-1882. The examiner can normally be reached on 8:30 to 5, Monday - Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, James Kramer can be reached on (571) 272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/James A. Kramer/
Supervisory Patent Examiner, Art Unit 3693